



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

**RESUBMITTAL OF ITEM M-1 OF MARCH 23, 2012 LB AGENDA
ISSUANCE OF A FIXED-BASE FACILITY LEASE AND ADDENDUM
UNIVERSAL ENTERPRISES, INC., LIHUE AIRPORT
TMK: (4) 3-5-01:PORTION OF 8**

KAUAI

REQUEST:

Issuance of a fixed base facility lease and addendum to Universal Enterprises, Inc. dba Air Service Hawaii for the development, construction, operation, use and maintenance of a fixed base facility for aircraft in connection with and on land located at Lihue Airport.

APPLICANT / LESSEE:

UNIVERSAL ENTERPRISES, INC., a Hawaii corporation, authorized to do business in the State of Hawaii, whose business and post office address is 95 Nakolo Place, Honolulu, Hawaii 96819.

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Portion of Lihue Airport, Lihue, Island of Kauai, identified by Tax Map Key: 4th Division, 3-5-01: Portion of 8

AREAS:

<u>Space Nos.</u>	<u>Square Feet</u>
004-136	26,171
004-137	26,172
004-138	26,172
004-139	16,440

of improved, unpaved general aviation land located in the FBO Subdivision area, as shown and delineated on the attached map, labeled Exhibit B.

ZONING:

State Land Use District: Urban
County of Hawaii: Industrial (IG-STP)

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act (non-ceded)
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES NO

CURRENT USE STATUS:

Airport purposes

CHARACTER OF USE:

Development, construction, operation, use and maintenance of a fixed base facility for aircraft.

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date.

RENT COMMENCEMENT DATE:

The rental payment shall commence on the day Lessee physically occupies the Premises and commences operation thereon (beneficial occupancy) or twelve (12) months from the commencement date of the lease, whichever occurs sooner.

ANNUAL GROUND LEASE RENTAL:

Lease years 1-5:	\$ 64,569.36
Lease years 6-10:	\$ 77,483.28
Lease years: 11-15:	\$ 92,979.96
Lease years: 16-20:	\$111,576.00
Lease years: 21-25:	\$133,891.20
Lease years: 26-30:	\$160,669.44

ADDITIONAL FEES:

- 1) A fuel flowage fee of \$0.04 per gallon for all types of aviation fuel sold as part of the business operation.
- 2) A payment of two percent (2%) of Lessee's gross receipts from, related or attributable to, or connected with the business operation.

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

The Lessee shall, within twelve (12) months of the date of commencement of this Lease, invest the sum of not less than \$500,000 for upgrading and improving the premises and constructing the leasehold improvements. The improvements shall be constructed in accordance with construction plans, drawings, and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: The site is currently vacant and unpaved. A fixed base facility for aircraft is planned.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Environmental Assessment (EA) for Lihue Airport, Ahukini Road Alignment and General Aviation Subdivision dated March 6, 1997.

This EA evaluated the environmental effects of the recommended Airport Plan to realign Ahukini Road and the development of a General Aviation Subdivision. The EA was prepared by the State of Hawaii, Department of Transportation, Airports Division.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Registered business name confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Good standing confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct lease to Universal Enterprises Inc., for the development, construction, operation, use and maintenance of a fixed base facility for aircraft at Lihue Airport. The DOT has determined that the issuance of this direct lease encourages competition within the aeronautical and airport-related industries.

RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to Universal Enterprises, Inc., subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General.

Respectfully submitted,

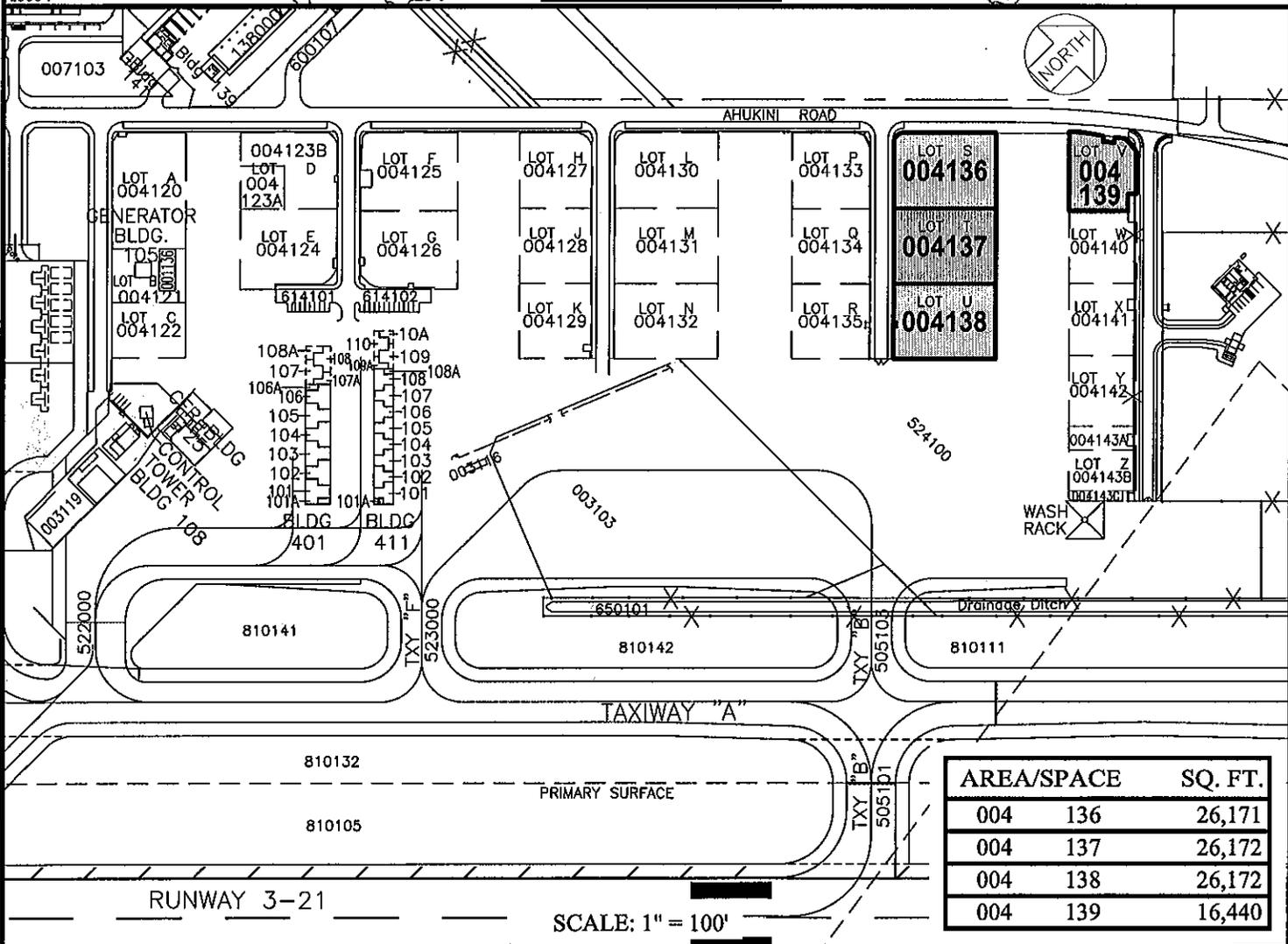
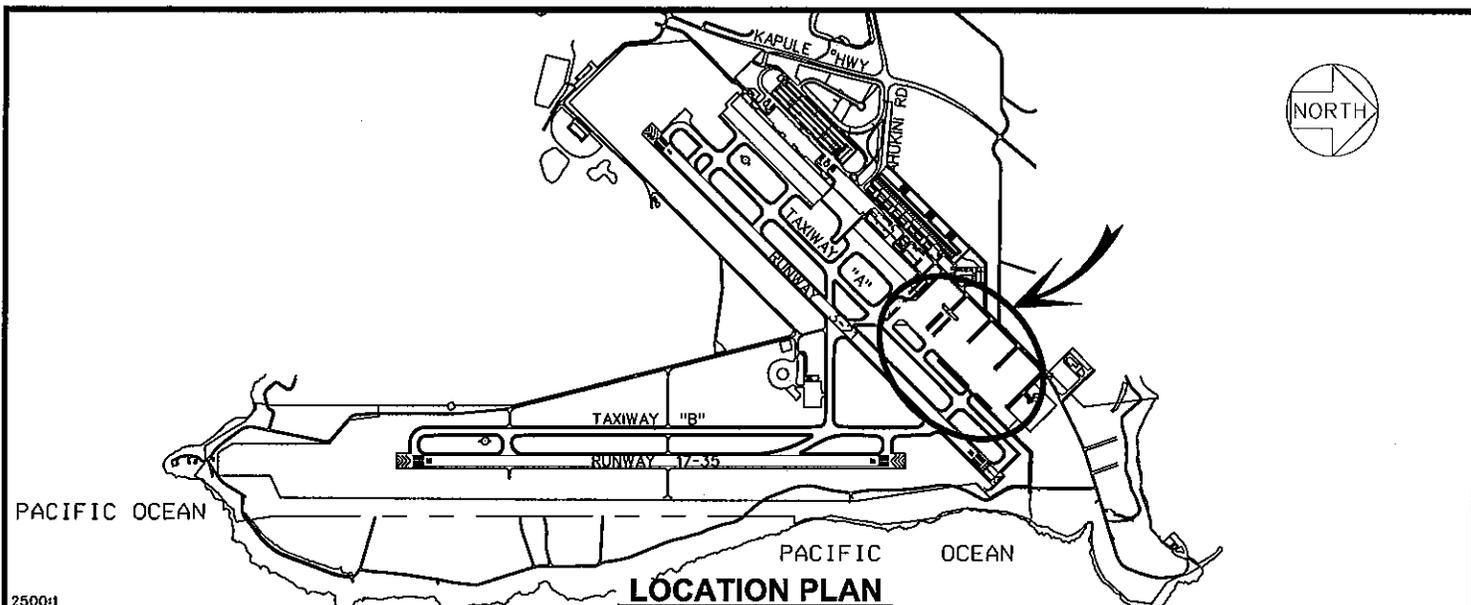


GLENN M. OKIMOTO, Ph.D.
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member



DATE : MARCH 2012

EXHIBIT: **B**



UNIVERSAL ENTERPRISES INC.
dba
AIR SERVICE HAWAII

LOTS
FBO SUBDIVISION
GROUND LEVEL

004136
004137
004138
004139
PLATS 26,35,36

LIHUE AIRPORT